

ST 00-0287-GIL 12/13/2000 EXEMPT ORGANIZATIONS

This letter discusses the applicability of the Vehicle Use Tax, 625 ILCS 5/3-1001, to Federal Credit Unions under 12 U.S.C. 1768. (This is a GIL).

December 13, 2000

Dear Xxxxx:

This letter is in response to your letter dated November 21, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be found on the Department's website at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

Enclosed please find copies of the original letter we received from the Illinois Department of Revenue, stating that we were to pay Motor Vehicle Tax in the amount of \$2,697.00, a copy of our response to the Illinois Department of Revenue with a copy of our 'Letter of Exemption', a copy of notification of them receiving our response, a copy of the Support of Abatement Request, and a copy of the title issued by the State of Illinois for the vehicle.

When I received the Support of Abatement Request stating that they needed an E-number I phoned and spoke with a PERSON. She stated that the 'Letter of Exemption' was not enough to exclude us from paying the motor vehicle tax, and that we had to have an E-number. She also stated that we would not be exempt from this tax since we did not have an E-number at the time of purchase.

The 'Letter of Exemption' is issued from the AGENCY Washington, D.C. This letter is the instrument that we have used in the past and present to prove exemption from any United States, state, territorial, or local taxing authority.

Please investigate this matter and notify me with the direction and/or steps that the credit union needs to take to clear this situation up.

I appreciate your time and consideration in this matter.

Section 1768 of Title 12 of the United States Code, 12 U.S.C. 1768, provides:

The Federal credit unions organized hereunder, their property, their franchises, capital, reserves, surpluses, and other funds, and their income shall be exempt from all taxation now or hereafter imposed by the United States or by any State, Territorial, or local taxing authority; except that any real property and any tangible personal property of such Federal credit unions shall be subject to Federal, State, Territorial, and local

taxation to the same extent as other similar property is taxed. Nothing herein contained shall prevent holdings in any Federal credit union organized hereunder from being included in the valuation of the personal property of the owners or holders thereof in assessing taxes imposed by authority of the State or political subdivision thereof in which the Federal credit union is located; but the duty or burden of collecting or enforcing the payment of such a tax shall not be imposed upon any such Federal credit union and the tax shall not exceed the rate of taxes imposed upon holdings in domestic credit unions.

The Vehicle Use Tax, like the Use Tax, is a tax on the use of a motor vehicle in Illinois. 625 ILCS 5/3-1001. The tax is imposed upon the user, which in your case is a federal credit union. As set forth in 12 USC 1766, federal credit unions are not subject to state taxes imposed upon them. Therefore, you will be receiving notice from the Department, under separate cover, canceling the assessment issued against your federal credit union and abating tax, penalties and interest.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk
Enc.